

Study of Cost Containment Models and Recommendations for Connecticut

Discussion of Recommendations

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bailit
health

The Healthcare Cabinet Cost Containment Study is a Partnership



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Today's Meeting

- The objective of today's meeting is to continue the productive discussion among Cabinet members about the Straw Model strategies, and to introduce alternative strategies brought forth by Cabinet members.
- The Cabinet will:
 - review the written strategies that were modified based on discussions during the 9-13 meeting
 - discuss Straw Model strategies #5 and #6 for the first time
 - discuss alternative strategies that have been received for consideration and prioritize which ones should be further defined and considered

Agenda

- Welcome and Housekeeping
 - Public Comment
 - Straw Model Strategies 5 & 6
 - Follow-up on Straw Model Strategies Discussed During 9/13 Meeting
 - Alternative Strategies
 - Next Steps
- 9:00 – 9:10 AM
 - 9:10 – 9:25 AM
 - 9:25 – 10:00 AM
 - 10:00 – 10:30 AM
 - 10:30 – 11:55 AM
 - 11:55 AM – Noon

Stakeholder Feedback

- Since our last meeting, we met with two stakeholder groups:
 - Medical Assistance Program Oversight Council (MAPOC)
 - Business Council of Fairfield County
- MAPOC: The four MAPOC members who chose to comment did not support shared risk for Medicaid providers, and would prefer pilot programs focused on high-cost utilizers, not large scale change. One person believed that OPM should have a more central role in policy coordination, and not consolidate state agencies.

Stakeholder Feedback

- Business Council of Fairfield County: The Council members who chose to speak, strongly supported the theme of accountability at the state, payer and provider levels, and saw an ACO strategy as consistent with national trends. They specifically recommended:
 - investment in consumer and employer education about the cost of services and of treatment alternatives;
 - elimination of non-disclosure restrictions regarding negotiated prices in provider-insurer contracts;
 - the State lobby Congress to allow Medicare to negotiate pharmaceutical prices;
 - strategies to reward lower price hospitals for staying lower priced, e.g., low cost loans, benefit design incentives, and
 - promotion of transparent, ethically-based discussion about treatment options, particularly around end-of-life care.

5. Support Providers and Policy Makers with Data



Goal: Build the data and clinical information infrastructure necessary to support delivery system and payment reform at the provider level and to inform good state policy-making.



Strategy: (1) Ensure a robust multi-payer, multi-provider data infrastructure through the state's APCD and the Health Information Exchange. (2) Incorporate the use of comparative effectiveness evidence to reduce overuse and misuse of health care services.

Strategy #5 Benefits and Concerns Identified by Cabinet Members and Other Stakeholders

Strategy #5-1: Ensure a robust APCD and HIE

■ Benefits

- Data are essential for the state to make policy decisions
- An HIE would assist currently established advanced networks, and the CCO with using data to facilitate care coordination across providers

■ Concerns

- HIE is expensive and provider organizations have developed other means of sharing information
- *Gobeille vs. Liberty Mutual* creates challenges for APCD self-insured data

Strategy #5 Modifications and Alternatives Suggested by Stakeholders

Strategy #5-1: Ensure a robust APCD and HIE

- Give the new HITO the resources to build a robust data infrastructure
- Develop a universal Memorandum of Understanding (MOU) between state agencies to allow for data sharing which will increase efficiency and guide policy decisions
- Ensure providers and stakeholders have the ability to provide significant input into the building of an APCD and HIE

The following *alternatives* were suggested:

- Coordinate the use of existing resources and data across agencies
- Crowd-source data
- Use independent researchers to build trust in data, develop conflict of interest protections
- Improve price and quality transparency to allow for consumer “shopping”

Strategy #5 Benefits and Concerns Identified by Cabinet Members and Other Stakeholders

Strategy #5-2: Incorporate Comparative Effectiveness Evidence in Coverage Decisions

■ Benefits

- This approach addresses the underuse of services

■ Concerns

- Not all evidence is “strong”
- Not all studies include a diverse population, thus possibly leading to inappropriate generalities
- Many studies don’t focus on non-traditional treatments
- Medicaid already covers everything that is medically necessary

Strategy #5 Modifications and Alternatives Suggested by Stakeholders

Strategy #5-2: Incorporate Comparative Effectiveness Evidence in Coverage Decisions

- Include non-traditional treatments in analysis of effectiveness for possible coverage
- Apply recommendations made by the state for Medicaid and state employees to commercial plans
- Draw upon the UConn School of Pharmacy for its expertise in comparative effectiveness research
- Ensure that this recommendation would not supplant a physician's medical judgement or limit the care needed by a patient.
- Any established guidelines must include medical malpractice safe harbors

The following *alternatives* were suggested:

- Optimize pharmacy purchasing across state employees, DOC and VA, and, if possible, DSS.

Cabinet Discussion

- **Goal**: Build the data and clinical information infrastructure necessary to support delivery system and payment reform at the provider level and to inform good state policymaking.
- **Strategy #5**: (1) Ensure a robust multi-payer, multi-provider data infrastructure through the state's APCD and the Health Information Exchange. (2) Incorporate the use of comparative effectiveness evidence to reduce overuse and misuse of health care services.

1. Does the strategy achieve the intended goal?
2. How might the strategy be modified?

6. Coordinate and Align State Strategies



Goal: Set a cohesive vision for health care in the state, improve planning and coordination of health care strategies, create alignment in the public health care sector, and effectively deploy resources



Strategy: Restructure existing agencies into a single state entity composed of all health-related state agencies to be responsible for aligning all state health policy and purchasing activities

Strategy #6 Benefits and Concerns Identified by Cabinet Members and Other Stakeholders

■ Benefits

- Increases opportunity for a unified vision on state health care policy
- A unified structure is essential to assure implementation of reform in Connecticut
- Promotes increased state agency coordination
- Creates a foundation for creating common goals and accountability

■ Concerns

- Creates a huge bureaucracy without benefits
- Consumer voices will be diminished
- Consolidation has been tried in the past and was not successful
- Funding for behavioral health services might be reduced if consolidated into the Medicaid program
- There are no state funds available to implement any of the upfront costs of the recommendation

Strategy #6 Modifications and Alternatives Suggested by Stakeholders

- The following *alternatives* were suggested:
 - Use existing bi-weekly intra-agency meeting (or develop a new task force) to analyze health care cost, quality and outcomes across shared populations
 - Improve cross-agency coordination by creating a steering committee under the proposed LG's Office of Health Reform
 - Consider integrating oversight bodies related to health care reform (i.e., Health Care Cabinet, the SIM Steering Committee, CON Task Force, HIT Council, MAPOC, Behavioral Health Program Oversight Council)

Strategy #6 Modifications and Alternatives Suggested by Stakeholders

- Create a formal function outside of state government to improve two-way communications between government and the rest of the health care system
- Explore coordination of purchasing strategies between the Office of the Comptroller, DOC, and DSS for potential cost savings
- Reexamine the current Cabinet structure and functions to maximize its effectiveness, using the current SIM Steering Committee structure as a guide
 - Make this restructured entity the board to the Office of Health Reform

Cabinet Discussion

Goal: Set a cohesive vision for health care in the state, improve planning and coordination of health care strategies, create alignment in the public health care sector, and effectively deploy resources

Strategy #6: Restructure existing agencies into a single state entity composed of all health-related state agencies to be responsible for aligning all state health policy and purchasing activities

1. Does the strategy achieve the intended goal?
2. How might the strategy be modified?

Review of Strategy Descriptions Sent on 10-3-16

- Per the Cabinet's request, we further defined and articulated the following strategies:
 1. Provide more coordinated, effective and efficient care through CCOs
 2. Directly reduce cost growth through adopting an annual cost growth cap, and setting an Alternative Payment Model target
 3. Creating an Office of Health Reform that would provide a single locus of responsibility for developing and implementing health care strategies in CT state government
 4. Providing additional subpoena power to the Attorney General

Key Elements of the Strategy Descriptions

- CCO Strategy
 - Clarified how the strategy affects all state purchased health care, and how it can evolve to be multi-payer in the future
 - Clarified which requirements would be aligned across state purchasers, and which would not
 - Articulated the risk model and a timeline for implementing the risk model
 - Highlighted the differences between the PCMH+ model and the CCO strategy
 - Providers affected
 - Population affected
 - Goals
 - Limitations
 - It's been further proposed to regulate ACOs (CCOs, Advanced Networks, etc.) to ensure financial solvency?

Key Elements of the Strategy Descriptions, cont'd

- **Limit cost growth strategy**
 - Articulated the operations of setting the cap
 - Articulated the implementation and operations of a cap, including how it would apply to both plans and providers
 - Provided context for setting an APM target, including recommending a framework for measuring compliance
- **Office of Health Reform**
 - Further fleshed out the key responsibilities of the Office, including its responsibility in pursuing multi-payer alignment
 - It's been further proposed that the Office of Health Reform to work collaboratively across all stakeholders to set a vision for health reform for the state

Key Elements of the Strategy Descriptions, cont'd

- **Attorney General Strategy**
 - Clarified scope of authority and sources of information available to the Attorney General
 - Linked AG's inquiries to annual public hearing (done in collaboration with the Office of Health Reform) and annual report on health care market trends
 - Detailed operational processes of seeking consulting expertise to help define issues to investigate and interpret information collected

Review of Written Strategies #1-4

- Does the additional information answer your questions about the proposed strategies?
- What is your feedback regarding these strategies?
- Do the strategies as written achieve the goals of the legislation?

Alternative Strategies

Alternative Strategies

- Thank you to Ellen, Frances and DSS for submitting written alternative strategies.
 - In addition to these alternative strategies, we heard from many others on suggestions to modify the straw proposal.
- We organized the alternatives into categories of health care system transformation.
- We applied the following criteria to the strategies to narrow down the list for discussion:
 1. Does the strategy directly relate to the legislative charge?
 2. Might the strategy reasonably reduce costs?
 3. Might the strategy lay the foundation for future cost containment?

Prioritize Alternatives for Further Exploration

- After reviewing the alternatives for each category, you will be asked to identify which strategy you wish to pursue, and which ones you would like to tentatively include in the final report.
- For strategies you wish to pursue, Bailit will flesh out how the strategy might work, working with the individual who suggested the strategy:
 - How will the strategy reduce costs for the state?
 - How should this strategy be implemented?
 - How does this strategy fit with other strategies the Cabinet is considering?

Structure for Reviewing Alternatives

1. Delivery System Transformation
2. Payment Reform
3. Limit Cost Increases
4. Support Provider Transformation
5. Support Market Competition
6. Address Pharmaceutical Costs
7. Other Strategies

Alternative strategies related to data and state alignment of health care transformation were discussed earlier in this meeting.

Delivery System Transformation

Straw Proposal

CCO Strategy

- Form integrated health systems to better coordinate efficient care; increase accountability among all providers (especially hospital and specialists); address SDOH by linking to community-based organizations.

Alternative 1

Coordinate Care With Community-Based Organizations

- Better coordinate community-based organization offerings with medical care, through the use of community health teams that work directly with primary care providers to assess patients' needs and provide multidisciplinary care (e.g., Vermont Blueprint for Health or Colorado's RCCOs).

Alternative 2

Stay-the Course

- Continue with Medicaid's current strategies on enhancing primary care through PCMH+
- Continue with Medicaid's review of claims data to identify the high cost, high need individuals and develop specific interventions to address their care needs.

Payment System Reform

Straw Proposal

Shared Savings/Shared-Risk and APM Target Setting

- Offer shared savings and shared risk opportunities for CCOs
- Set targets for APM adoption for the state

Alternative 1

New PCP Payment Models

- Introduce more flexibility around primary care payment to allow PCPs to deliver traditionally unreimbursed services (e.g., health coach, or community health worker). This strategy could be coupled with PCMH+.

Alternative 2

Other New Payment Model

- Study more closely MD and VT's movement toward all-payer global budgeting and determine what initial steps CT could take to move toward global budgets

Alternative 3

Stay-the-Course

- Continue to implement PCMH+ (shared savings) in the waves currently planned and evaluate effectiveness
- Increase the amount of pay-for-performance in use.
- Create bundled payments for maternity care that incentivize providers to streamline care delivery, thereby reducing costs and improving outcomes (currently being considered by Medicaid).

Limit Cost Increases

Straw Proposal

Cost Growth Cap

- Create and monitor per capita cost growth cap for all insurance plans and advanced network providers
- Regulated by a combination of CID, Office of Health Reform

Alternative 1

Regulate Market Mergers

- Require that cost growth limits be included in any future merger
- Limit monopoly power by restricting further CON approvals for market mergers

Alternative 2

Rate Setting

- Review hospital budgets and set rates, as was done in CT from 1976-1994, using lessons learned from MD and VT

Alternative 3

Consumer Affordability

- Include consumer affordability into the CID's rate review process.

Support Provider Transformation

Straw Proposal

Obtain DSRIP Funds to Support Technical Assistance and Learning Collaboratives

- Pursue a Medicaid 1115 Waiver to obtain DSRIP funds to support provider efforts to transform into CCOs.

Alternative 1

Stay-the Course

- Utilize current SIM investments and plans to support providers

Support Market Competition

Straw Proposal

Give the AG additional authority

- Give the AG additional investigative and reporting powers to identify causes of cost increases (that cannot be determined through currently available data)

Alternative 1

Stay-the-Course

- Allow the CON Task Force to address this issue in its current process
- Utilize existing anti-trust authority to limit monopolies

Address Rising Pharmaceutical Costs

Straw Proposal

Not Addressed

Alternative 1

Strategies Proposed

- Pursue multistate prescription drug alliances for all state-purchased drugs (already in effect for Medicaid).
- Enact a therapeutic substitution law that would allow a pharmacist to substitute a less expensive, but equivalent brand name drug for another
- Expand medication therapy management
- Use value-based benchmark pricing in drug negotiations as a hard stop
- Use indication-specific pricing for drugs

Alternative 2

Take Up in 2017

- Given the existing time limits, the numerous strategies, and importance of the topic, make it a feature for the Cabinet's 2017 work

Other Strategies

- Are there any other alternative strategies Cabinet members wish to discuss?

Next Steps

- At the November 1st meeting, and after additional discussion and review of the strategies we flesh out based on today's conversation, we will vote on which strategies to include in the final report.
 - If you're unable to attend, please send a delegate to vote in your absence.
- A draft report will be shared with you for review the week of November 7th.
- We will discuss and vote on the final report on November 15th.
 - Any edits that were approved by the Cabinet will be incorporated into the final version of the report to be delivered to the legislature by December 1st.